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Consumer Financial Protection Bureau and Virginia, Massachusetts, and New York Attorneys General Sue Libre for Predatory Immigrant-Services Scam

Bureau and States Accuse Company of Luring Non-English-Speaking Immigrants into Abusive, English-Only Contracts

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WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB), in partnership with Virginia, Massachusetts, and New York, is suing

Libre by Nexus, Inc. (Libre) and its owners for a predatory immigrant-services scam that traps victims into paying expensive, long-term fees. The CFPB alleges that Libre preys on immigrants, primarily Hispanics, who speak little or no English and are being held in federal detention centers, desperate to return to their families. Libre lures its victims through a series of false and misleading statements about its programs, pressuring them to sign abusive, English-only contracts that bind the immigrants to years of exorbitant monthly payments. Primarily, Libre conveys that it has paid cash for the immigrant detainees' bonds, creating the reasonable impression that consumers owe Libre a debt that must be repaid. When the immigrants can't make their payments, according to the CFPB's complaint, the company falsely threatens them or their family members, sometimes even with deportation or imprisonment. The Bureau is suing to halt Libre's scheme and get relief for its victims. It is prioritizing the case to send a strong signal that financial scams targeting communities of color will not be tolerated.

"Libre presented itself as a lifeline to help people stuck in limbo at immigration facilities. But we believe it was a wolf in sheep's clothing," said CFPB Acting Director David Uejio. "This case is a prime example of how people of color are targeted in financial scams and the latent inequity that is too often found in the market for financial products and services. The Bureau won't stand for it. Stopping these kinds of cash-grab schemes is part of the Bureau's commitment to addressing racial injustice in the market."

The full text of the CFPB's complaint, filed along with Virginia, Massachusetts, and New York, can be found here: https://files.consumerfinance.gov/f/documents/cfpb_nexus-servoces-inc-et-al_complaint_2021-02.pdf (http://files.consumerfinance.gov/f/documents/cfpb_nexus-services-inc-et-al_complaint_2021-02.pdf)

Libre, founded in Virginia and now headquartered in Georgia, and its parent company, Nexus Services Inc., are owned by Micheal Donovan, Richard Moore, and Evan Ajin. Libre, its parent, and its owners are all defendants in the CFPB's

lawsuit. According to the CFPB investigation, Libre's business model preys on detainees and their families desperate to get the detainees out of U.S. Immigration and Customs Enforcement (ICE) detention centers where they have been held, sometimes for months, while awaiting resolution of their immigration cases. In exchange for securing a bond, Libre requires the immigrants to pay a huge upfront fee equal to 25 to 30 percent of the bond plus \$420 per month to "lease" GPS-tracking ankle monitors until their case is resolved, usually years later. Unlike a fully-paid bond, these fees are never refunded. In the end, the CFPB alleges, the immigrants often end up paying far more in non-refundable Libre fees than they would have paid for their refundable ICE bond. For example, an immigrant with a \$10,000 bond whose immigration case took three years to resolve could expect to pay more than \$17,000 to Libre to cover its fees and the cost of "leasing" the GPS tracking ankle monitors.

According to today's enforcement action, Libre routinely deceives non-English speakers to sign contracts, then uses illegal tactics to collect the steep fees. The Bureau alleges that immigrants and their co-signers sign the financial contracts not understanding the terms, often misled about what they are paying for. The Dodd-Frank Wall Street Reform and Consumer Protection Act prohibits such deceptive and abusive acts and practices. Among the allegations in today's complaint are that Libre:

- **Coerces vulnerable non-English speakers to sign predatory financial contracts in English:** Libre presents immigrant detainees and co-signors with 20-page English contracts, often in the dead of night after hours of travel. The detainees are utterly dependent on Libre for an explanation of what is happening, how they can reunite with their families, and what their rights are.
- **Deceives consumers about its relationship with immigration authorities:** Libre leads consumers to think it is affiliated with ICE. In fact, Libre is just a middleman to a bond agent, and it has no affiliation with authorities.

- **Strong-arms detainees with false debt collection threats:** Libre falsely threatens immigrants that if they do not pay-up, they will face dire consequences, sometimes including threats that they will be re-detained or deported. Libre systematically makes false threats to sue the detainees or their families, send the accounts to collection, and report failures to pay to credit bureaus. Libre also has falsely threatened to place GPS devices on co-signers to coerce payment.
- **Incentivizes its employees to deceive and threaten:** Libre offers financial rewards to its representatives for signing up new customers and collecting payments. This incentivizes them to rush through the intake process, omit or misrepresent consumers' obligations when they sign, and make false threats to consumers to collect payments.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has the authority to take action against institutions violating consumer financial laws, including engaging in unfair, deceptive, or abusive acts or practices. In its lawsuit, the CFPB is seeking an injunction, damages or restitution to consumers, disgorgement of ill-gotten gains, and the imposition of civil money penalties.

The complaint is not a final finding or ruling that the defendants have violated the law.

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The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov/cfpb.gov/.

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